

United States Senate

WASHINGTON, DC 20510

July 30, 2009

The Honorable Max Baucus, Chairman
The Honorable Charles Grassley, Ranking Member
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Baucus and Ranking Member Grassley:

We appreciate the tremendous amount of work that you and your Committee have invested in crafting meaningful health reform legislation. It is no small task, and we stand with you in your commitment to reform America's health system for the better. We strongly believe that reaching this goal of reform depends upon realigning Medicare spending to reward quality of care over quantity of care.

As you know, Congressional Budget Office Director Doug Elmendorf testified before the Senate Budget Committee on July 16, 2009, saying that to truly contain health care spending, Congress must "chang[e] the way that Medicare pays providers in an effort to encourage cost-effectiveness in health care."

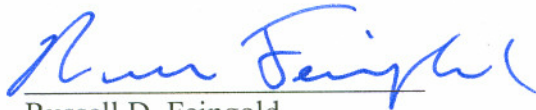
Just last week, leaders in the health care field echoed Director Elmendorf's comments in an open letter to Congress, urging members to "insist that reform legislation includes a method to pay for value and quality, rather than quantity of medical procedures."

Shifting to a value-based system is critical to controlling health care costs. We are proud to represent regions and states that have demonstrated true leadership in lowering costs to Medicare and increasing quality outcomes for patients. Often known as "high efficiency" areas, health care systems in these regions utilize integrated systems and aggressive quality controls to provide Medicare beneficiaries better care for lower cost. Studies show that moving to a coordinated, integrated delivery system, as seen in high efficiency states, could save Medicare upwards of \$100 billion a year. In addition to the cost-savings, these high-quality, efficient hospitals and clinics have set an example for the rest of the country, and a template for health care reform.

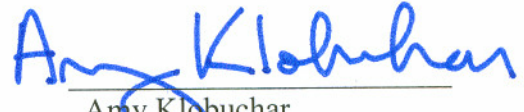
We strongly support efforts by the Finance Committee to use these health systems as a model for all Medicare providers to improve patient care and better manage taxpayer dollars. We also ask that any bonus or incentive payments tied to progress against quality benchmarks also take into account the high efficiency regions that have already met quality benchmarks. This would ensure equitable opportunity for their efforts and help address decades of proportionally lower Medicare payments that our states have received relative to low efficiency regions.

We hope to work with you on this important issue as you continue to draft health reform legislation. Again, we are very thankful for your attention to this issue and your continued leadership in health care reform.

Thank you,



Russell D. Feingold
United States Senate



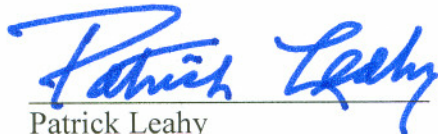
Amy Klobuchar
United States Senate



Herb Kohl
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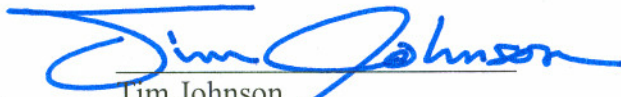
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